

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Home Mortgages Unlimited, Inc.
d/b/a/ First Equity Home Loans
10900 Whittier Street
Detroit, Michigan 48224

Enforcement Case No. 07-5186

License/Registration No.: FL-2118/SR-0014339,

Respondent.

CONSENT ORDER REQUIRING COMPLIANCE
AND PAYMENT OF CIVIL FINES

Issued and Entered,
This 25th day of July, 2011,
By Stephen R. Hilker,
Chief Deputy Commissioner


Based upon the Stipulation to Entry of Consent Order and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, as amended, MCL 493.51 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in

5. Respondent or any wholly or partially-owned subsidiary, any affiliated company, or any company related by common owner, officer, or director, or Respondent's officers, directors, and shareholders individually, shall not make application to the Commissioner for licensure under the MBLSLA, SMLA, the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, or the Mortgage Loan Originator Licensing Act, MCL 493.131 *et seq.* for a period of 5 years from the effective date of this Order.

6. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA and SMLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order, may result in the commencement of additional proceedings.

IT IS SO ORDERED.



Stephen R. Hilker
Chief Deputy Commissioner

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STIPULATION TO ENTRY OF CONSENT ORDER
REQUIRING COMPLIANCE AND PAYMENT OF CIVIL FINES

Home Mortgages Unlimited, Inc. ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff conducted an on-site Examination of Respondent's books and records commencing on September 18, 2006, pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c), and Section 6b(2)(b) of the Secondary Mortgage Loan Act ("SMLA"), MCL 493.56b(2)(b). The Examination concluded on September 25, 2006.
2. On or about September 26, 2007, a Notice of Opportunity to Show Compliance ("NOSC") was issued by OFIR to Respondent in the above-entitled matter pursuant to provisions of the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*; the MBLSLA, 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the SMLA, 1981 PA 125, as amended, 493.51 *et seq.*
3. The NOSC contained allegations that Respondent violated the MBLSLA and SMLA and set forth the applicable laws and penalties which could be taken against Respondent.

4. OFIR and Respondent discussed the allegations set forth in the NOSC at an informal conference held in the offices of OFIR on November 13, 2007.
5. OFIR and Respondent have conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.
6. The Commissioner of OFIR ("Commissioner") has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the MAPA, the MBLSLA, and the SMLA.
7. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender pursuant to provisions of the MBLSLA.
8. At all pertinent times, Respondent was registered with OFIR as a mortgage broker pursuant to provisions of the SMLA.
9. Based upon the information obtained in the course of the examination and communications with Respondent, the following facts were alleged in the NOSC:
 - a. Respondent paid independent contractors, leased employees, independent net branches, or unlicensed entities for regulated mortgage transactions, in violation of MCL 445.1652(4), MCL 445.1672(a), MCL 493.52(6), and MCL 493.77(3).
 - b. Respondent operated independent net branch locations, in violation of MCL 445.1652(4), MCL 445.1672(a), MCL 493.52(6), and MCL 493.77(3).
 - c. Respondent required at least 3 borrowers to pay more than the actual expense incurred for their credit report obtained in relation to their application for a residential mortgage loan, in violation of MCL 445.1673(1).
 - d. Respondent or one or more of its employees caused or allowed material misrepresentation or deceit in connection with residential mortgage loans, in violation of MCL 445.1672(b).
 - e. Respondent failed to maintain adequate books and records of its business to enable the commissioner to determine compliance with the MBLSLA, in violation of MCL 445.1671(1).
 - f. Respondent failed to preserve, maintain, and keep available for inspection and examination by the commissioner, each mortgage loan document in its possession or control, in violation of MCL 445.1671(2).
 - g. In violation of MCL 445.1672(a), Respondent failed to:

- i. Provide 3 borrowers with a proper, full and complete adverse action disclosure, as required by Section 202.9(a)(2) of the Board of Governors of the Federal Reserve Board's (the "Board") Regulation B, implementing the Equal Credit Opportunity Act ("ECOA"), 12 C.F.R. 202.9(a)(2).
- ii. Provide several applicants with a list of the nearest available HUD-approved credit counselors at the time of application, in violation of Section 7 of the Consumer Mortgage Protection Act ("CMPA"), MCL 445.1637.
- iii. Timely provide 1 borrower with an initial truth in lending ("TIL") disclosure, in violation of the Section 226.19(a)(1) of the Board's Regulation Z, implementing the Truth in Lending Act ("TILA"), 12 C.F.R. 226.19(a)(1).
- iv. Provide 5 borrowers with a full and complete good faith estimate of the settlement costs that the borrower is likely to incur, as required by Section 3500.7(c) of the Department of Housing and Urban Development's ("HUD") Regulation X, implementing the Real Estate Settlement Procedures Act ("RESPA"), 24 C.F.R. Part 3500.7(c).
- v. Provide one borrower with a clear and meaningful disclosure on the good faith estimate of the yield spread premium that the Respondent is expected to receive from the lender, as required by Section 3500.7(a)-(b) of HUD's Regulation X, implementing RESPA.
- vi. Paid to one person a referral fee in relation to two residential mortgage loans, for referral of settlement service business, in violation of Section 3500.14(b) of HUD's Regulation X, implementing RESPA, 24 C.F.R. 3500.14(b).
- vii. Properly and accurately disclose the finance charge, amount financed, and annual percentage rate, on the initial TIL disclosure provided to the 3 borrowers, in violation of the Section 226.18 of the Board's Regulation Z, implementing the TILA, 12 C.F.R. 226.18.
- viii. Provide 1 borrower with a proper full and complete adverse action disclosure, as required by Section 202.9(a)(2) of the Board's Regulation B, implementing the ECOA, 12 C.F.R. 202.9(a)(2).

- h. Respondent failed to maintain adequate books and records of its business to enable the commissioner to determine compliance with the SMLA, in violation of MCL 493.67(1).
 - i. Respondent failed to preserve, maintain, and keep available for inspection and examination by the commissioner, each mortgage loan document in its possession or control, in violation of MCL 493.68(1).
10. Respondent agrees that it shall CEASE AND DESIST from any and all violations of the statutes, rules, and regulations identified in paragraph 9 of this stipulation.
11. Respondent agrees that it shall pay to OFIR, a civil fine in the amount of \$5,000.00. The civil fine shall be paid in 3 monthly installments, as follows. Within 30 days from the date of entry of this order, Respondent shall make an initial payment of \$2,000.00. Thereafter, the remaining \$3,000.00 shall be paid in monthly installments of \$1,500.00 each month due no later than the 30th day of each successive month following the initial payment of \$2,000.00. Each payment shall be tendered in the form of a certified check or money order payable to the State of Michigan. Failure to abide by these payment terms may result in the immediate collection of the full amount due and further administrative enforcement actions.
12. During the course of these proceedings, Respondent voluntarily surrendered its first mortgage license and secondary mortgage registration. In exchange for the acceptance thereof, Respondent agrees that Respondent, any wholly or partially-owned subsidiary, any affiliated company, or any company related by common owner, officer, or director, or Respondent's officers, directors, and shareholders individually, shall not make application to the commissioner for licensure under the MBLSLA; SMLA; the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*; or the Mortgage Loan Originator Licensing Act, MCL 493.131 *et seq.*, for a period of 5 years from the date of signing of an order by the Commissioner ordering the terms of this stipulation.
13. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the

Commissioner holding a formal administrative hearing and making his decision after such hearing.

14. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.

15. The Commissioner has jurisdiction and authority under the provisions of the MAPA, the MBLSLA, and the SMLA to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.


16. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and have same reviewed by legal counsel.

HOME MORTGAGES UNLIMITED, INC.
D/B/A FIRST EQUITY HOME LOANS

By: 
Its: *President*

07-06-2011
Dated

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

By: 
James Westrin
Staff Attorney

7/21/2011
Dated